

Message Text

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ACTION COME-00

INFO OCT-01 EUR-25 EA-11 ISO-00 EB-11 SS-20 SAM-01 L-03

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC 8033

INFO AMEMBASSY BELGRADE

AMENKMJQA BONN

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY PRAGUE

AMEMBASSY ROME

AMEMBASSY TOKYO

AMEMBASSY WARSAW

AMEMBASSY MOSCOW

AMEMBASSY VIENNA

USMISSION BERLIN

LIMITED OFFICIAL USE LONDON 02130

BEWT/COMMERCE: ATTEN: SUZANNE PORTER

E.O. 11652: N/A

TAGS: ETRN, XG, XH, JA, US

SUBJECT: PLACEMENT OF INSURANCE ON SHIPMENTS IN
EAST-WEST TRADE

REF: STATE 23552

L. IN RESPONSE QUESTIONS RAISED IN REFERENCED CABLE,
WE CONTACTED DEPARTMENT OF TRADE AND INDUSTRY; EXPORT
CREDIT GUARANTEES DEPARTMENT (ECGD); LLOYDS UNDERWRITERS
ASSOCIATION; CONFEDERATION OF BRITISH INDUSTRY (CBI);
EASTERN EUROPEAN TRADE COUNCIL (EETC) AND PRIVATE FIRMS.

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2. CONSENSUS IS THAT UK MARINE INSURERS AS PRACTICAL
MATTER ARE IN SIMILAR POSITION TO US INSURANCE COMMUNITY

IN THAT SOVIET AND OTHER COMECON COUNTRIES, WHENEVER POSSIBLE, PLACE INSURANCE WITH THEIR OWN INSURANCE FIRMS FOR EAST-WEST CARGO SHIPMENTS. HOWEVER, A CERTAIN UNSPECIFIABLE PROPORTION OF THIS INSURANCE IS REINSURED IN THE LONDON MARKET BY INGOSSTRAXH AND OTHER EE INSURERS. THE INSTITUTE OF LONDON UNDERWRITERS, WHICH IS COMPRISED OF THE MAJORITY OF MAJOR UK MARINE INSURANCE FIRMS, INDICATED THAT THE VAST MAJORITY OF UK-COMECON TRADE INSURANCE COVERAGE IS WRITTEN BY INGOSSTRAXH AND SIMILAR EE INSTITUTES.

3. STATISTICS ON MARINE CARGO INSURANCE COVERAGE WRITTEN DIRECTLY INGOSSTRAXH IN USSR AND ITS UK SUBSIDIARY (BLACK SEA AND BALTIC CO., LTD.) FOR UK-USSR TRADE ARE NOT AVAILABLE BUT ALL SOURCES AGREE IT IS VERY LARGE PROPORTION OF TOTAL INSURANCE WRITTEN. AMOUNT OF REINSURANCE WRITTEN IN LONDON MARKET NOT KNOWN. HOWEVER ONE SOURCE COMMENTED THAT EE BODIES SUCH AS WARTA (POLAND), BULSTRAD (BULGARIA) AND STATNI POJISTOUNA (CZECHOSLAVAKIA) TEND TO REINSURE IN WESTERN MARKETS MORE THAN INGOSSTRAXH.

4. ONE WELL INFORMED SOURCE (MR. THADANI OF W. E. COX AND CO., RECOVERIES, LTD.) INDICATES USSR REGULATIONS REQUIRE THAT INGOSSTRAXH PROVIDE INSURANCE COVERAGE FOR SOVIET EXPORTS TO NATIONAL BORDER AT LEAST AND THAT MOST EE STATES HAVE SIMILAR REGULATIONS FOR THEIR EXPORTS. HOWEVER, THADANI CLAIMS THAT UK EXPORTS TO USSR AND OTHER EE STATES MAY BE INSURED IN LONDON MARKET WITH PRIVATE FIRMS IF EXPORTER HAS INSURABLE INTEREST. IF LETTER OF CREDIT IS INVOLVED IN EXPORT THEN UK EXPORTING FIRM, WHICH STILL HAS TITLE TO GOODS, MAY PLACE INSURANCE WHERE IT WISHES. IF GOODS HAVE BEEN PAID FOR BY SOVIET IMPORTER THEN OPTION OF PLACING INSURANCE RESTS WITH SOVIET BUYER.

5. DATA OR ESTIMATES ON AMOUNT OF DIRECT AND REINSURANCE MARINE COVERAGE ISSUED BY INGOSSTRAXH (AND SIMILAR EE INSURANCE BODIES) AND DOMESTIC UK OWNED FIRMS TO LIMITED OFFICIAL USE
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COVER UK CARGO TRADE WITH COMECON STATES IS NOT AVAILABLE FROM OFFICIAL OR PRIVATE SOURCES. THERE ARE NO INSURANCE AGREEMENTS BETWEEN UK AND USSR OR OTHER EE ENTITIES FOR RECIPROCAL QUOTA SHARING INSURANCE ARRANGEMENTS.

6. ALL SOURCES BELIEVE THAT VAST BULK OF UK-USSR (AND EE) TRADE IS COVERED BY NON UK INSURANCE FIRMS. HOWEVER, THERE APPEARS TO BE NO VISIBLE EFFORT ON PART OF HMG OR PRIVATE UK FIRMS TO ATTEMPT TO CHANGE THIS

SITUATION. THIS MAY STEM FROM RELUCTANCE TO JEOPARDIZE
SALES BY UPSETTING EXISTING TRADE PRACTICES.

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Message Attributes

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Disposition Authority: golinofr
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
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